



House of Representatives

General Assembly

File No. 269

January Session, 2001

Substitute House Bill No. 5209

House of Representatives, April 12, 2001

The Committee on Insurance and Real Estate reported through REP. JARJURA of the 74th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT REQUIRING NOTICE OF HEALTH INSURANCE TERMINATION.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subdivision (8) of subsection (b) of section 38a-483 of the
2 general statutes is repealed and the following is substituted in lieu
3 thereof:

4 (8) A provision as follows: "CANCELLATION: The insurer may
5 cancel this policy at any time by providing sixty days prior written
6 notice delivered to the insured and to any dependents who were listed
7 on the application and any subsequent revisions thereto, or mailed to
8 their last address as shown by the records of the insurer, stating when,
9 not less than [five] sixty days [thereafter] after the date of the notice,
10 such cancellation shall be effective; and after the policy has been
11 continued beyond its original term the insured may cancel this policy
12 at any time by written notice delivered or mailed to the insurer,
13 effective upon receipt or on such later date as may be specified in such

14 notice. In the event of cancellation, the insurer [will] shall return
15 promptly the unearned portion of any premium paid. If the insured
16 cancels, the earned premium shall be computed by the use of the short-
17 rate table last filed with the state official having supervision of
18 insurance in the state where the insured resided when the policy was
19 issued. If the insurer cancels, the earned premium shall be computed
20 pro-rata. Cancellation shall be without prejudice to any claim
21 originating prior to the effective date of cancellation."

22 Sec. 2. (NEW) Each insurance company, hospital service
23 corporation, medical service corporation, health care center or fraternal
24 benefit society that delivers, issues for delivery, renews, amends or
25 continues a group health insurance policy in this state shall furnish
26 each group policyholder with written notice of cancellation or
27 discontinuation of coverage at least sixty days prior to the effective
28 date of cancellation or discontinuation. The notice shall be mailed to
29 the group policyholder.

30 Sec. 3. Subsection (a) of section 38a-537 of the general statutes is
31 repealed and the following is substituted in lieu thereof:

32 (a) Any individual, partnership, corporation, or unincorporated
33 association providing group health insurance coverage for its
34 employees shall furnish each insured employee, upon cancellation or
35 discontinuation of such health insurance, notice of the cancellation or
36 discontinuation of such insurance. The notice shall be mailed or
37 delivered to the insured employee not less than [fifteen days next
38 preceding] sixty days before the effective date of cancellation or
39 discontinuation. Any individual or any such entity [which] that fails to
40 provide timely notice shall be fined not more than one thousand
41 dollars for each violation. The Labor Commissioner shall have the
42 authority to assess all such fines. This section shall apply to any such
43 individual, partnership, corporation or unincorporated association
44 [which] that substitutes one policy providing such group health

45 insurance coverage for another such policy with no interruption in
46 coverage.

Statement of Legislative Commissioners:

In section 2, "insured group" was changed to "group policyholder" for accuracy.

INS ***JOINT FAVORABLE SUBST.***

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact: None

Affected Agencies: Department of Insurance

Municipal Impact: None

Explanation**State Impact:**

The bill requires an insurance company, hospital service corporation, medical service corporation, health care center or fraternal benefit society to provide 60 days of notice instead of 15 days prior to the cancellation of a health care policy. There is no fiscal impact for the Department of Insurance as a result of this bill.

OLR Bill Analysis

sHB 5209

AN ACT REQUIRING NOTICE OF HEALTH INSURANCE TERMINATION.**SUMMARY:**

This bill (1) establishes a 60-day advance notice of cancellation or discontinuation requirement that health insurers must provide employers, (2) increases the period of advance notice of cancellation or discontinuation of coverage that employers must provide their employees, and (3) increases the advance notice of cancellation required in individual health insurance policy forms.

EFFECTIVE DATE: October 1, 2001

ADVANCE NOTICE OF CANCELLATION***Insurance Company Requirement***

The bill requires insurance companies, hospital and medical service companies, HMOs, and fraternal benefit societies that offer group health insurance to employers to provide each employer with written notice of cancellation or discontinuation of coverage at least 60 days in advance of the cancellation or discontinuation date. The notice must be mailed to the employer and applies to policies delivered, issued for delivery, renewed, amended, or continued in the state beginning October 1, 2001.

Employer Requirement

The bill increases from 15 to 60 days the advance notice of cancellation or discontinuation of coverage that employers providing group health insurance must give their employees. The notice must be mailed or delivered to an employee at least 60 days before the cancellation or discontinuation date.

Individual Policy Form Provision Requirement

The bill requires individual health insurance policy forms to include a cancellation provision that permits the insurer to cancel the policy after 60, instead of five, days advance notice to the insured.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Substitute

Yea 18 Nay 0